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S E C R E T SECTION 01 OF 02 TEL AVIV 006285

SIPDIS

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TAGS: PGOV PREL KWBG IS SY GOI INTERNAL GOI EXTERNAL

SUBJECT: PERES: SUCCESS OF LIKUD-LABOR COALITION

NEGOTIATIONS COULD BOIL DOWN TO PORTFOLIOS

REF: TEL AVIV 6007

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4
(b,d).

¶1. (C) Summary: Prior to the Likud Central Committee's positive vote on December 9 to open coalition negotiations with the Labor Party, United Torah Judaism, and Shas (see septel), an obviously exhausted Labor Party leader Shimon Peres stressed to the Ambassador the depth of his own problems in convincing the Labor Party to join the coalition. Peres repeatedly emphasized the "limits in my capacity" to bring Labor into a coalition without an offer from Prime Minister Sharon of at least one, and more reasonably, two major ministerial portfolios. Peres also underlined his desire to see disengagement proceed and said elections in 2005 would be a "waste of five-to-six months" during which time disengagement could have been implemented. In a separate meeting with the Ambassador December 9, Labor Party Whip Isaac Herzog echoed Peres' worries, and laid out a likely Labor Party timetable for approving a Sharon offer to join the coalition and possible ministerial assignments.

¶2. (C) Summary cont'd: In response to the Ambassador's query on the prospects of GOI negotiations with Syria, Peres stressed that it would not be feasible for the GOI to achieve settlement withdrawals both from Gaza and the Golan at the same time. End summary.

Unity Prospects Hinge on Portfolio Divisions

¶3. (C) Labor Party leader Shimon Peres stressed to the Ambassador December 9 that if Prime Minister Sharon offers "meaningless portfolios" to Labor for joining the coalition, there are "limits" in his capacity to bring his party into the coalition. Peres agreed with the Ambassador that this could present an immediate impasse in Labor's coalition negotiations with Likud. Noting that Labor would constitute one-third of a unity coalition, Peres underlined that Sharon should understand that Labor should receive one or two major ministerial portfolios. Sharon should understand that Labor can not be satisfied with "secondary" portfolios just to help Sharon pacify Likud opponents to a unity government, Peres emphasized.

¶4. (C) Peres explained that if Likud votes in favor of opening coalition negotiations with Labor -- as it did later December 9 with a 62 percent majority -- and Sharon immediately invites Peres to the negotiating table, Peres must first bring the issue before the Labor Party Bureau's 240 members, which requires 48 hours notice before holding a meeting. Obtaining the Bureau's approval will be a "tough fight," Peres said, since it includes many ministerial portfolio contenders. If the Bureau approves negotiating with Likud, Peres continued, the matter must then be taken before the party's Central Committee for a vote. He did not specify when such a vote could occur.

¶5. (C) Labor Party Whip Isaac Herzog subsequently told Ambassador Kurtzer separately December 9, however, that Peres could bring the matter to the Party Bureau for a vote as early as December 11, and then to the Central Committee during its previously scheduled meeting December 12 when the party is supposed to decide on a date for party primaries. (Note: During the meeting with the Ambassador, Herzog received a call from Labor faction Chair Dalia Itzik to inform him that Ehud Barak and Peres had agreed on a compromise date for party primaries for June or July 2005, thereby avoiding a party showdown. See reftel. End note.)

¶6. (C) According to Herzog, Sharon intends to offer Peres eight ministerial portfolios, including what amounts to two ministerial portfolios in return for forgoing the foreign ministry. In total, Sharon would offer 11 portfolios to Labor, UTJ and Shas, Herzog noted. He said that Sharon would likely first bring Labor and the UTJ into the coalition and may even "find a way later" to return Shinui to the coalition. Herzog opined that the main "stumbling block" in the portfolio negotiations will be that Sharon will not give Peres the portfolio of alternate prime minister, a post currently held by Likud MK and strong

Sharon ally Ehud Olmert. He said that Peres will likely be offered a role relating to implementing disengagement. Labor may ask for the ministries of Interior, Transportation, and Education, but Herzog quickly added, "I don't think we'll get them." He opined that Sharon may offer instead the Internal Security and Labor and Welfare portfolios to Labor. Herzog said that he believes Justice will remain with Likud MK Tzipi Livni.

17. (C) Herzog said that once a coalition agreement is reached with Likud, perhaps as early as December 16, Labor would then decide on its candidates for ministerial portfolios, most likely shortly after that decision. He then shot off a list of Labor contenders for ministerial slots in order of importance, including Binyamin Ben-Eliezer, Ephraim Sneh, Matan Vilna'i, Dalia Itzik, himself, Ofir Pines-Paz, and Shalom Simhon. Herzog noted several times in the meeting that he was showing up as "very popular" within the Labor Party. These candidates would likely be voted as ministerial candidates through either separate internal party votes or by a single vote on a "coalition list" that Peres would propose. Herzog opined that Chaim Ramon may not be popular enough within Labor to receive a portfolio. In response to the Ambassador's query, Herzog said that Barak would not seek a portfolio.

Window of Opportunity

18. (C) Peres noted said that while Sharon could create a majority government without Labor, such a coalition would not support disengagement. Elections would likely be the result if a unity government with Labor can not be formed, Peres noted. "I don't want this government to fall," Peres stressed, since elections would "waste five-to-six months" of 2005 and postpone implementation of the disengagement plan. Reflecting his desire to join with Sharon now, Peres said that: "I feel if I don't put my strength into [advancing disengagement], it will not work.... I am fighting for a cause." Peres noted that while he does not like the disengagement plan, it represents the best hope to move the peace process forward.

19. (C) Herzog also commented on the need to move disengagement forward speedily, but from the perspective that Peres himself is waning in strength and focus. "Peres has the chance to help Sharon," Herzog stressed. He noted, however, that there is only a small window of opportunity since Peres "is not the same...is weak and not focused." On Labor support for disengagement, Herzog explained that the three main constituencies in Labor -- the "good" settlement movement consisting of Kibbutzim and moshavs, the Israeli-Arab sector, and the veterans and elderly -- reluctantly support disengagement for varying reasons. He stressed that to gain the support of the elderly, Labor would have to bring some economic benefits for that group to the coalition table with Likud. "There will be a big debate on economic issues with Likud," Herzog stressed. "[Finance Minister Netanyahu] Bibi hates us and we hate Bibi," Herzog said.

Negotiations on the Golan, Not Now Feasible

10. (S) Asked by the Ambassador how he viewed opening negotiations with Syria, Peres noted that there is an "open" or public GOI position on this issue and a "private one." Peres explained that the GOI's public position is that it cannot agree to negotiations with Syria while that country continues to host terrorist organizations. According to Peres, the GOI's realistic and private position is that Israel cannot -- for domestic reasons -- feasibly negotiate with Syria on settlement withdrawals from the Golan at the same time it moves forward with settlement withdrawal from Gaza. Peres also noted it would be problematic for Israel to negotiate with President Assad, who represents only a minority in Syria and whose actions are based on his desire to improve his world image.

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